

## Blue Cross Blue Shield Rate increases and financial results

Year	Rate increases				Financial results		
	Group		Individual		Annual underwriting gain	Annual net income	Total surplus
	Requested	Approved	Requested	Approved			
2001	14.8%	12.5%	0.0%	0.0%	\$17.0	\$23.8	\$137.3
2002	13.8%	11.9%	10.9%	10.2%	\$17.0	\$17.7	\$137.2
2003	11.2%	9.9%	10.5%	8.9%	\$21.2	\$26.6	\$187.8
2004	10.8%	8.5%	8.5%	4.2%	\$6.5	\$18.6	\$200.6
2005	6.0%	6.0%	13.2%	10.4%	\$30.3	\$38.5	\$222.7
2006	10.8%	7.0%	4.2%	2.9%	\$-17.1*	\$3.9*	\$233.3
2007	17.3%	9.9%	10.0%	9.4%	-\$3.1	\$18.0	\$236.3
2008	14.9%	Denied***	14.8%	Denied**			

\*Reflects \$26.5 million premium refund

All monetary amounts in millions.

\*\* The requested 14.8% increase was denied on July 11, 2008. BCBS has requested an administrative hearing.

\*\*\* The requested 14.9% increase was denied on Oct. 10, 2008.

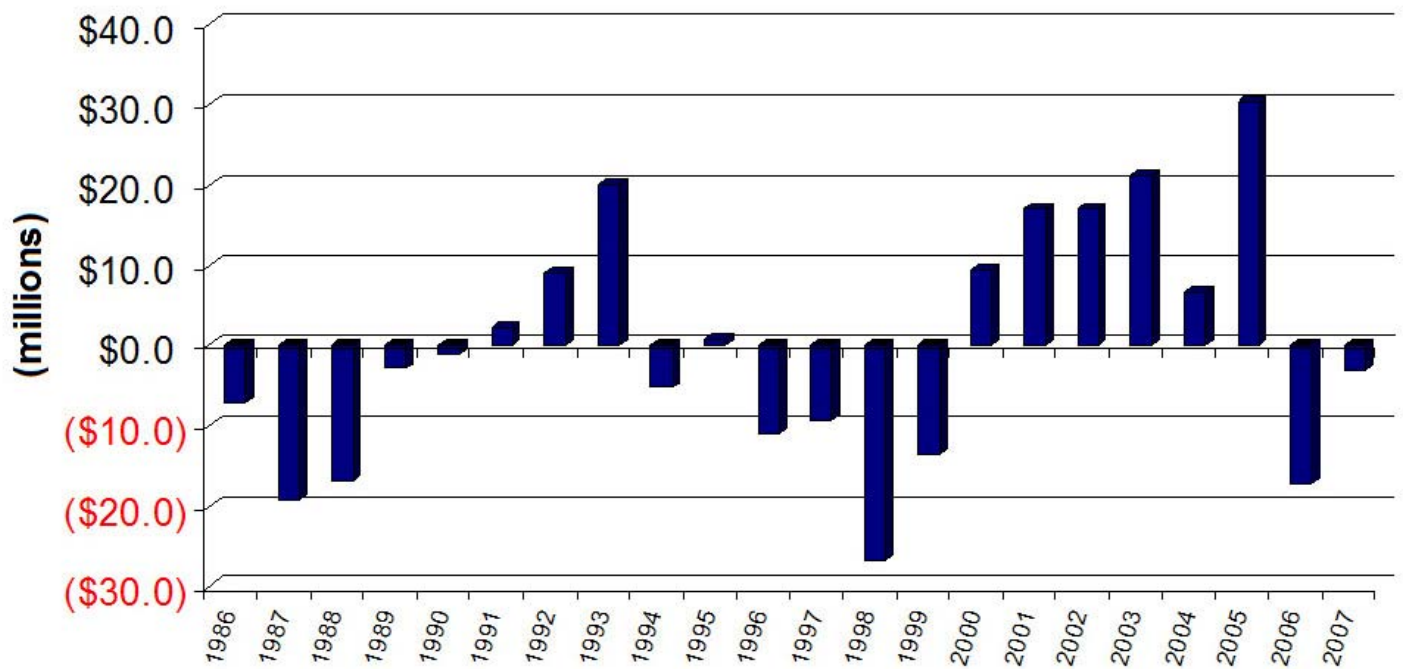
The chart above illustrates the requested and approved annual rate increases for Blue Cross Blue Shield of North Dakota (BCBS) since 2001, as well as the company's underwriting gains, net income and surplus.

- An underwriting gain is determined by subtracting all claims and expenses from the year's premium payments. Any amount remaining is an underwriting gain (for example, in 2002 BCBS realized a \$17 million dollar underwriting gain).
- Net income is the company's profit.
- Surplus is the buildup of past gains or losses. It is set aside to provide for unexpected losses.

### How to read this chart

Example: In 2003, BCBS requested a 10.5% rate increase for individual policies. The Insurance Department approved a 8.9% increase. BCBS had an underwriting gain of \$6.5 million and a net income of \$18.6 million the following year.

## BCBS underwriting results



**Note: 2006 represents year a \$26.5 million premium refund was made. Refund was based on 2001-2005 period.**

### How to read this chart

The above chart illustrates underwriting cycles, i.e., periods of underwriting losses followed by periods of underwriting gains.